

Message Text

PAGE 01 STATE 177655

63

ORIGIN EB-07

INFO OCT-01 EA-06 IO-10 ISO-00 L-03 AGR-05 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 CIEP-01

FRB-03 OMB-01 /054 R

DRAFTED BY EB/FTD:WCMIMS:MBSMITH:HM

APPROVED BY EB/JKATZ

COMMERCE - AGAREL

LABOR- ESHEENEY

TREASURY - WBARREDA

L/T- WMMCQUADE (SUBS)

L/EB- CROH

EA - LEDMUND (SUBS)

----- 106264

P 282312Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY BANGKOK PRIORITY

INFO USMISSION GENEVA PRIORITY

LIMITED OFFICIAL USE STATE 177655

E.O. 11652: N/A

TAGS: ETRD, TH

SUBJECT: TEXTILES - ARTICLE 3 ACTION

GENEVA FOR PHELAN

1. IN A MEETING ON JULY 23, THE COMMITTEE FOR THE

IMPLEMENTATION OF TEXTILE AGREEMENTS RECOMMENDED THAT USG
REQUEST CONSULTATIONS WITH RTG UNDER ARTICLE 3 OF THE MFA
WITH A VIEW TOWARD REMOVING MARKET DISRUPTION PRESENTLY
BEING CAUSED BY IMPORTS OF CERTAIN TEXTILE PRODUCTS FROM
THAILAND TO THE U.S. THEREFORE EMBASSY IS INSTRUCTED
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 STATE 177655

TO DELIVER FOLLOWING NOTE TO RTG AS SOON AS POSSIBLE,
AND IN NO CASE LATER THAN COB ON JULY 31:

PUOTE THE EMBASSY OF THE UNITED STATES OF AMERICA PRESENTS

ITS COMPLIMENTS TO THE MINISTRY OF FOREIGN AFFAIRS AND HAS THE HONOR TO REFER TO ARTICLE 8, PARAGRAPH 3, TN THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES (HEREINAFTER REFERRED TO AS THE "ARRANGEMENT") TO WHICH THE UNITED STATES OF AMERICA IS A PARTY.

THE GOVERNMENT OF THE UNITED STATES OF AMERICA HAS NOTED WITH CONCERN THE IMPORTS FROM THAILAND IN MAN-MADE FIBER TEXTILE CATEGORY 219 (KNIT SHIRTS INCLUDING BLOUSES) AND MAN-MADE FIBER TEXTILE CATEGORY 229 (WOVEN COATS). A FACTUAL STATEMENT DESCRIBING MARKET CONDITIONS, THE EFFECTS OF SUCH IMPORTS ON THE UNITED STATES MARKET, AND THE RECENT TREND OF SUCH IMPORTS FROM THAILAND IS APPENDED AS ANNEX A WHICH IS TO BE REGARDED AS AN INTEGRAL PART OF THIS NOTE.

IN RECOGNITION OF THE FACT THAT LOW-PRICED IMPORTS OF THE CATEGORIES OF THE PRODUCTS INDICATED ABOVE FROM A NUMBER OF SOURCES HAVE CAUSED OR THREATEN TO CAUSE MARKET DISRUPTION IN THE UNITED STATES, EIGHT EXPORTING COUNTRIES WHICH HAVE ACCEPTED OR ACCEDED TO THE ARRANGEMENT HAVE AGREED TO LIMIT THEIR EXPORTS OF THESE CATEGORIES OF PRODUCTS TO THE THE UNITED STATES. THEREFORE, IN ORDER TO AVOID FURTHER MARKET DISRUPTION OR THE THREAT THEREOF BY IMPORTS OF THE PRODUCTS INDICATED ABOVE AND TO INSURE EQUITABLE TREATMENT TO THOSE COUNTRIES PARTY TO THE ARRANGEMENT WHICH ARE PRESENTLY LIMITING EXPORTS IN THESE CATEGORIES TO THE UNITED STATES, THE GOVERNMENT OF THE UNITED STATES OF AMERICA IS, AS ON THE DATE OF THIS NOTE, INVOKING ITS RIGHTS UNDER ARTICLE 3 OF THE ARRANGEMENT. THUS, THE GOVERNMENT OF THE UNITED STATES OF AMERICA CONSIDERS THAT EXPORTS FROM THAILAND TO THE UNITED STATES IN THE CATEGORIES INDICATED ABOVE SHOULD BE LIMITED TO THE LEVELS SET FORTH IN ANNEX B APPENDED TO THIS NOTE. THESE LEVELS ARE CONSISTENT WITH THE PROVISIONS OF ANNEX B OF TH: ARRANGEMENT.

LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 STATE 177655

THE GOVERNMENT OF THE UNITED STATES OF AMERICA CONSIDERS THE NEGOTIATION OF A MUTUALLY SATISFACTORY ALL-FIBER BILATERAL TEXTILE AGREEMENT UNDER THE PROVISIONS OF ARTICLE 4 OF THE ARRANGEMENT AS THE MOST DESIRABLE SOLUTION TO THE PROBLEM OF MARKET DISRUPTION AND TO THE EQUITY OBLIGATIONS WHICH THE UNITED STATES HAS, UNDER ARTICLE 8 OF THE ARRANGEMENT, WITH ITS RESTRAINED SUPPLIERS WHO ARE PARTY TO THE ARRANGEMENT. AS THE MINISTRY OF FOREIGN AFFAIRS WILL RECALL, A DELEGATION FROM THE UNITED STATES RECENTLY VISITED BANGKOK TO DISCUSS SUCH A BILATERAL AGREEMENT WITH OFFICIALS OF THE THAI GOVERNMENT, AND THE GOVERNMENT OF THE UNITED STATES OF

AMERICA IS PREPARED TO CONTINUE THESE DISCUSSIONS AT AN EARLY, MUTUALLY CONVENIENT DATE. IT IS HOPED THAT SUCH DISCUSSIONS WOULD RESULT IN REACHING AN AGREEMENT UNDER ARTICLE 4 OF THE ARRANGEMENT TO REPLACE ANY PRIOR ACTIONS

TAKEN UNDER ARTICLE 3.

THE EMBASSY OF THE UNITED STATES OF AMERICA....ETC.

ANNEX A PART 1

CATEGORY 219

KNIT SHIRTS

APPAREL ITEMS IN THIS CATEGORY INCLUDE MEN'S AND BOYS' KNIT SHIRTS, ORNAMENTED AND NON ORNAMENTED AND WOMEN'S, CHILDRENS' AND INFANTS' KNIT BLOUSES, WAISTS AND SHIRTS, ORNAMENTED AND NON ORNAMENTED.

THE U.S. KNIT SHIRT (INCLUDING BLOUSES) INDUSTRY IS ONE THE MOST IMPORT IMPACTED SECTORS OF THE U.S. APPAREL INDUSTRY. TH IMPORT/PRODUCTION RATIO FOR MAN-MADE FIBER KNIT SHIRTS AND BLOUSES IS ESTIMATED TO HAVE INCREASED TO 80 PERCENT IN THE FIRST HALF OF 1975, UP FROM 67 PERCENT IN 1974 AND 39 PERCENT IN 1968.

IMPORTS: TOTAL IMPORTS OF KNIT SHIRTS AND BLOUSES INTO THE U.S. HARKET HAVE INCREASED SUBSTANTIALLY EACH YEAR. IN THE YEAR ENDING MAY 1975, THESE IMPORTS WERE AT A LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 04 STATE 177655

HIGH OF MORE THAN 19.2 MILLION DOZEN, UP FROM 18.2 MILLION IN 1974 AND 3.5 MILLION IN 1968.

IMPORTS FROM THAILAND OF KNIT SHIRTS AND BLOUSES BEGAN IN 1972 AND TOTALED 285 THOUSAND DOZEN. BY THE YEAR ENDING MAY 1975, THESE IMPORTS HAD INCREASED MORE THAN THREEFOLD TO 867 THOUSAND DOZEN. THAILAND IS THE SIXTH LARGEST SUPPLIER OF KNIT SHIRTS AND BLOUSES TO THE U.S. MARKET. ALL MAJOR SUPPLIERS, EXCEPT THAILAND, HAVE ENTERED INTO AGREEMENTS TO CONTROL THEIR EPORTS TO THE U.S. MARKET.

PRICES: THE CIF VALUE, INCLUDING IMPORTS DUTIES, OF THESE IMPORTS FROM THAILAND RANGE FROM 12 DOLLARS PER DOZEN FOR INFANTS KNIT BLOUSES TO 31 DOLLARS PER DOZEN FOR MEN'S KNIT SHIRTS. THESE PRICES ARE SUBSTANTIALLY BELOW THE DOMESTIC PRICES FOR COMPARABLE ITEMS, AND IN MOST CASES ARE ALSO BELOW VALUE OF COMPARABLE PRODUCTS BEING IMPORTED FROM TAIWAN, KOREA, SINGAPORE, HONG KONG AND JAPAN (ANNEX B).

DOMESTIC PRODUCTION: U.S. PRODUCTION OF KNIT SHIRTS AND BLOUSES DECLINED DURING THE LATTER PART OF 1974 AND THE FIRST HALF OF 1975 TO AN ESTIMATED 24 MILLION DOZEN, ON AN ANNUAL BASIS, FROM 27 MILLION DOZEN IN 1974 AND 26 MILLION DOZEN IN 1973.

KNIT INDUSTRY DATA: EMPLOYMENT IN U.S. KNIT OUTERWEAR MILLS IN JUNE 1975 TOTALED 75,000, OR 15 PERCENT LESS THAN IN JUNE 1975. THE AVERAGE HOURS WORKED IN THESE MILLS WAS DOWN 4 PERCENT FOR THE SAME PERIOD. A FURTHER INDICATION OF THE DEPRESSED STATE OF THE KNIT INDUSTRY IS THE DECLINE IN FEDERAL RESERVE BOARD PRODUCTION INDEX TO 145.4 IN MAY 1975 FROM 166.6 IN MAY 1974, OR 13 PERCENT.

-- U. . PRODUCTION AND IMPORTS
 -- OF KNIT SHIRTS AND BLOUSES
 -- CATEGORY 219

-- (1,000 DOZEN)

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 05 STATE 177655

YEAR	PRODUCTION	IMPORTS	RATIO
1968	9,091	3,513	38.6
1969	8,184	5,336	65.2
1970	9,263	6,629	71.6
1971	12,701	11,728	92.3
1972	22,914	15,475	67.5
1973	25,913	17,061	65.8
1974 1/	27,000	18,185	67.3
1975 2/	24,000	19,250	80.2

1/ PRELIMINARY

2/ ESTIMATED

CATEGORY 219: U.S. GENERAL IMPORTS FROM THAILAND AND MAJOR SUPPLIERS

CAT. 219 KNIT SHIRTS, INCLUDING BLOUSES

MAJOR SUPPLIERS	PERIOD		
---	1972	1973	1974
THAILAND	285,363	868,170	803,500
CHINA (TIAWAN)	5,424,109	4,716,776	5,974,116
KOREA, REP. OF	4,961,716	3,641,275	3,100,991
SINGAPORE	813,559	2,499,097	2,354,960
ALL OTHER COUNTRIES	3,990,341	5,335,809	5,951,602
TOTAL	15,475,088	17,061,127	18,185,169

-- YE 5/75

THAILAND	866,994
CHINA (TAIWAN)	6,460,591
KOREA, REP. OF	3,662,275
SINGAPORE	2,131,871
ALL OTHER COUNTRIES	6,123,341
TOTAL	19,245,072

THAILAND IS NUMBER 6 SUPPLIER
BASED ON YE MAY 1975 DATA

ANNEX A PART 2
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 06 STATE 177655

CATEGORY 229
COATS, WOVEN

APPAREL ITEMS IN THIS CATEGORY INCLUDE MEN'S AND BOYS' RAINCOATS, SUIT-TYPE SPORT COATS AND JACKETS, AND OTHER OUTER COATS AND WOMEN'S, GIRLS' AND INFANTS' RAINCOATS, OUTER COATS AND JACKETS; ORNAMENTED AND NON ORNAMENTED.

THE U.S. MEN'S AND WOMEN'S COAT INDUSTRY IS ONE OF THE MOST IMPORT IMPACTED AREAS OF THE U.S. APPAREL INDUSTRY. THE IMPORT/PRODUCTION RATIO FOR MAN-MADE FIBER WOVEN COATS IS ESTIMATED TO HAVE INCREASED TO 50 PERCENT IN THE FIRST HALF OF 1975, UP FROM 44 PERCENT IN 1974 AND 11 PERCENT IN 1968.

IMPORTS; TOTAL IMPORTS OF WOVEN COATS INTO THE U.S. MARKET HAVE INCREASED NEARLY FOURFOLD FROM 530 THOUSAND DOZEN IN 1968 TO MORE THAN 2 MILLION DOZEN IN THE YEAR ENDING MAY 1975.

IMPORTS OF WOVEN COATS FROM THAILAND BEGAN IN 1972 AND TOTALED 55 THOUSAND DOZEN. BY THE YEAR ENDING MAY 1975, THESE IMPORTS HAD INCREASED MORE THAN THREEFOLD TO 176 THOUSAND DOZEN. THAILAND IS THE FOURTH LARGEST SUPPLIER OF WOVEN COATS TO THE U.S. MARKET. ALL MAJOR SUPPLIERS, EXCEPT THAILAND, HAVE ENTERED INTO AGREEMENTS TO CONTROL THEIR EXPORTS TO THE U.S MARKET.

THE CIF VALUE, INCLUDING IMFORT DUTIES, OF IMPORTS OF THIS CATEGORY FROM THAILAND RANGED FROM 21 DOLLARS PER DOZEN FOR CHILDREN'S COATS TO 32 DOLLARS PER DOZEN FOR MEN'S JACKETS. THSE PRICES ARE SUBSTANTIALLY BELOW THE DOMESTIC PRICES FOR COMPARABLE ITEMS, AND ARE ALSO BELOW THE VALUE OF COMPARABLE PRODUCTS BEING IMPORTED FROM KOREA, TAIWAN, HONG KONG, JAPAN AND SINGAPORE.

DOMESTIC PRODUCTION: U.S. PRODUCTION OF WOVEN COATS DECLINED DURING THE LATTER PART OF 1974 AND THE FIRST

HALF OF 1975 TO AN ESTIMATED 4 MILLION DOZEN, ON AN ANNUAL BASIS, FROM 5 MILLION DOZEN IN 1973 AND 1974.

LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 07 STATE 177655

EMPLOYMENT IN THE U.S. MEN'S AND WOMEN'S SUIT AND COAT INDUSTRY IN JUNE 1975 TOTALED 145,600, OR 25 PERCENT LESS THAN IN JUNE 1974.

--- U.S. PRODUCTION AND IMPORTS
--- OF COATS, WOVEN
--- CATEGORY 229

YEAR	PRODUCTION	IMPORTS	RATIO
---	(1,000 DOZEN)		
1968	4,623	530	11.5
1969	4,244	1,325	31.2
1970	4,981	1,865	37.4
1971	4,618	2,126	46.0
1972	4,501	2,522	56.0
1973	4,951	2,654	53.6
1974 1/	4,950	2,202	44.5
1975 2/	4,000	2,000	50.0

1/ PRELIMINARY
2/ ESTIMATED

ANNEX A PART 3
CATEGORY 229
COATS, NOT KNIT

MAJOR SUPPLIERS

THAILAND	55,223	176,585	166,549	175,949
KOREA, REPUBLIC	656,649	677,477	516,622	579,037
CHINA(TAIWAN)	376,243	310,289	245,213	230,487
HONG KONG	380,293	284,598	201,387	209,422

ALL OTHER COUNTRIES	1,053,640	1,204,813	1,072,302	824,184
TOTAL	2,522,048	2,653,762	2,202,073	2,019,103

THAILAND IS 4 SUPPLIER

MAJOR SUPPLIERS BASED ON YE 5/75 DATA

ANNEX A PART 4
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 08 STATE 177655

MARKET CONDITIONS IN THE U.S.
APPAREL INDUSTRY

THE UNITED STATES APPAREL INDUSTRY IS IN A DESPRESSED STATE.

THE FEDERAL RESERVE BOARD PRODUCTION INDEX FOR APPAREL PRODUCTS IN MARCH 1975 WAS DOWN 22 PERCENT FROM A YEAR EARLIER AND THE LOWEST SINCE FEBRUARY 1963.

TOTAL EMPLOYMENT IN THE APPAREL INDUSTRY IN JUNE 1975 WAS 1,210,000, DOWN 144,000 OR 11 PERCENT FROM JUNE 1974.

UNEMPLOYMENT IN THE APPAREL INDUSTRY WAS 13.9 PERCENT IN JUNE 1975, COMPARED WITH 7.5 PERCENT FOR THE SAME MONTH A YEAR EARLIER.

ANNEX A PART 5
COMPARABLE IMPORT AND DOMESTIC PRICE DATA
DOLLARS PER CATEGORY UNIT

CAT.	ITEM	UNIT	THAILAND	SINGAPORE	KOREA
------	------	------	----------	-----------	-------

219	SHIRTS, M.&B., MGMM.F.	DOZ.	31	33	30
-----	------------------------	------	----	----	----

219	BLOUSES, W.G.I., M.M.F.	"	12	15	22
-----	-------------------------	---	----	----	----

219	SHIRTS, W.G.I., M.M.F.	"	1	18	38
-----	------------------------	---	---	----	----

229	OTHER COATS, M. AND B.	DOZ.	32	39	49
	M.M.F.				

229	OTHER COATS, W.G. AND I.,	"	21	44	50
	M.M.F.				

CAT.	ITEM	UNIT	HONG KONG	JAPAN	U.S.
------	------	------	-----------	-------	------

219	SHIRTS, M.&B., M.M.F.	DOZ.	46	--	48
-----	-----------------------	------	----	----	----

219	BLOUSES, W.G.I., M.M.F.	"	34	21	34
-----	-------------------------	---	----	----	----

219	SHIRTS, W.G.I., M.M.F.	"	32	25	32
-----	------------------------	---	----	----	----

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 09 STATE 177655

229	OTHER COATS, M. AND B.	DOZ.	92	84	92
	M.M.F.				

229	OTHER COATS, W.G. AND I.,	"	77	76	165
	M.M.F.				

M.&B.-MENS AND BOYS;W.G.I.-WOMEN'S, GIRLS, AND INFANTS.

NOTE: IMPORTS ARE DUTY-GAFREE, C.I.F., VALUES FOR YEAR

ENDING APRIL, 1975.

U.S. PRICES ARE COMPARABLE TO DUTY-PAID C.I.F. VALUES.

ANNEX B

LEVELS OF RESTRAINT

CATEGORY	LEVEL
----------	-------

219	869,901 DOZEN
-----	---------------

219	180,369 DOZEN
-----	---------------

--END QUOTE

2. ADVISE BY PRIORITY CABLE WHEN NOTE DELIVERED; INFO
GENEVA FOR PHELAN, INCLUDING INITIAL RTG REACTION, IF
ANY. FORWARD CERTIFIED COPIES OF NOTE TO DEPARTMENT
(ATTENTION: ASST. LEGAL ADVISOR, TREATY AFFAIRS). INGERSOLL

LIMITED OFFICIAL USE

<< END OF DOCUMENT >>

Message Attributes

Automatic Decaptioning: X
Capture Date: 26 AUG 1999
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES, AGREEMENTS, MEETINGS, IMPORT DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 28 JUL 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: CunninFX
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975STATE177655
Document Source: ADS
Document Unique ID: 00
Drafter: EB/FTD:WCMIMS:MBSMITH:HM
Enclosure: n/a
Executive Order: N/A
Errors: n/a
Film Number: D750260-0637
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t197507107/baaaaqlo.tel
Line Count: 398
Locator: TEXT ON-LINE, TEXT ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 8
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: CunninFX
Review Comment: n/a
Review Content Flags:
Review Date: 24 JUN 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 JUN 2003 by ElyME>; APPROVED <03 NOV 2003 by CunninFX>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: n/a
TAGS: ETRD, TH, US
To: BANGKOK INFO GENEVA
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006